

***2.6 REIMBURSEMENT RESOLUTION FOR FIRE SAFETY BOND**
Proposed Reimbursement Resolution for Implementation of Measure R (Fire Safety Bond).

Contact Person:

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Executive Summary: The enclosed resolution is required in order for the City to reimburse itself from the Measure R bond proceeds for expenditures incurred and paid prior to the issuance of the Measure R bonds.

BACKGROUND: On June 11, 2002, the City Council approved a list of projects for inclusion in the Fire Safety Bond measure, which became Measure R on the November 2002 ballot. The projects include: replacing three small, substandard fire stations (Fire Station 2 in Niles, Fire Station 6 in Centerville, and Fire Station 8 in North Fremont); strengthening the remaining seven fire stations to better withstand earthquakes; and building a public safety training center. With the passage of Measure R, staff has begun to implement these projects.

Treasury Regulations Section 1.150-2 requires that an official declaration must be made, if the issuer intends to be reimbursed from tax exempt bond proceeds, for expenditures incurred and paid prior to issuance of bonds. A proposed resolution of declaration is included in this report for adoption by the City Council. The maximum principal amount of obligation that will be issued is \$51,000,000 – the amount approved by the voters with the passage of Measure R.

Staff will return in May 2003 for City Council consideration of a proposed resolution authorizing the issuance and sale of the first series of bonds. As part of this upcoming City Council agenda item, staff will be providing a comprehensive update on the status of the project, the anticipated schedule for implementing the Fire Safety Bond projects, and information on the amount and timing of bond issues to finance the projects. If City Council adopts the resolution authorizing the issuance and sale of the first series of bonds, the competitive sale of the first series of bond would likely occur in July 2003. The City Council would set the annual tax rate for repayment of the debt each July, with the first tax roll commencing in fiscal year 2003-04.

ENCLOSURE: Proposed Resolution Expressing Official Intent Regarding Certain Capital Expenditures To Be Reimbursed From Proceeds Of A Tax Exempt Obligation.

RECOMMENDATION: Adopt enclosed resolution.

